

20 SEP 1963

Honorable Stanley S. Surrey
Assistant Secretary
Treasury Department
Washington 25, D. C.

Dear Mr. Surrey:

I wish to thank you for your letter of 16 September 1963 to Mr. Houston enclosing a copy of the memorandum which you sent to Chairman Mills of the House Ways and Means Committee in connection with H. R. 7216. There have been certain developments which I believe are pertinent.

On 11 September 1963, Subcommittee No. 1 of the House Armed Services Committee ordered reported favorably to the full Committee H. R. 7216 with amendments. I am enclosing for your information the resulting clean bill, H. R. 8427 introduced on 12 September. This bill contains provisions relating only to the establishment of a retirement and disability system. The content of section 2, paragraph (7) of H. R. 7216 relating to the amendments of section 104 (a) (4) of the Internal Revenue Code are not included in the clean bill, H. R. 8427, in view of the fact that the Ways and Means Committee had been unable to take appropriate action. If favorable action is taken by that Committee, it is planned to restore the exemption provisions in a new title III to H. R. 8427. It is anticipated that the full Committee of House Armed Services will report favorably on the bill next week.

In the report to the House Ways and Means Committee it is stated that the Foreign Service established its own retirement and disability plan in 1960. The pertinent sentences are as follows:

P- 68201161

2EB 50 4 15 bW ,p2

OFFICE OF THE DIRECTOR

Disability pensions paid to members of the Foreign Service from the Foreign Service disability fund were brought under the provisions of section 104 (a) (4) in 1960. At this time the Foreign Service established its own retirement and disability plan for its Foreign Service personnel and, at the same time removed them from the Civil Service retirement and disability system.

A separate retirement and disability system for the Foreign Service was established in 1924 under the provisions of section 18 of the Act of May 24, 1924 (43 Stat. 144).

In the last paragraph of the report to the House Ways and Means Committee it is indicated that the proposed legislation contains no limitations on the types of employees who would be eligible for disability benefits. I would like to invite your attention to the statement of purpose of H. R. 8427 which includes the words "for a limited number of employees", the short title of section 101 which provides for "certain employees", and also section 201 (a) which provides "for a limited number of employees."

In addition to those phrases which indicate the intent of the Committee to limit application of the system to a special category of employees, I am enclosing for your information an Explanation and Justification of H. R. 8427 which will be incorporated in the Committee Report. That statement sets forth the criteria for determining which employees will be eligible and includes an estimate that a maximum of [redacted] of our total employees would qualify under the proposed system. I might point out also that the limited application of this system was thoroughly discussed in the hearings which will be published within the near future.

I believe the above would be useful information for the House Ways and Means Committee. Accordingly, I plan to make it available to them in the near future. Again, let me express the appreciation of the Agency for your cooperation on this matter.

Sincerely,

John S. Warner
Legislative Counsel

Enclosures - 2

OGC/LC:JSW:mks (20 Sept 63)

O & 1 - Addressee

cc: D/Personnel w/o atts

Apjrevew@CIA-SRBJbase 2003/02/27 : CIA-RDP78-03721A000300030007-7

1 - OGC Chrono.

MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

ENCLOSURES